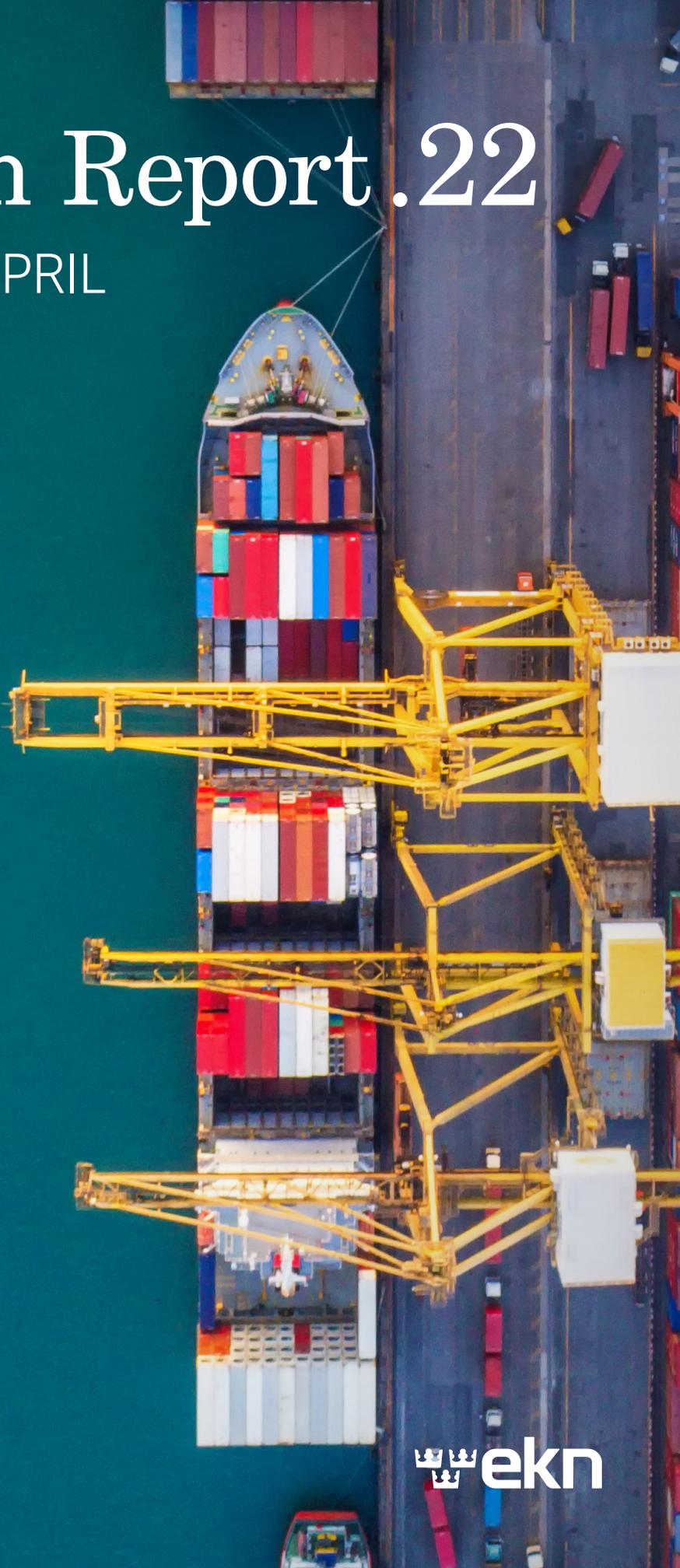


Interim Report .22

JANUARY – APRIL



The Period at a glance

- EKN issued guarantees amounting to SEK 28.0 billion (SEK 38.1 billion). While this was a larger volume than normal it was below the record set in the first four-month period of 2021.
- The number of transactions guaranteed by EKN was lower than last year. During the period, EKN issued guarantees for 601 new transactions (650 new transactions).
- On 24 February, EKN halted issuing guarantees for transactions pertaining to Russia, Belarus and Ukraine.
- On 30 April, EKN's guarantees outstanding for exports to Russia, Ukraine and Belarus amounted to SEK 4.2 billion. Significant provisions were made during the period for these undertakings.
- Claims payments amounted to SEK 322 million (SEK 190 million). From a historical perspective, this is a low level, albeit up slightly on last year.
- Recoveries amounted to SEK 378 million (SEK 89 million), of which a substantial portion pertained to one transaction.
- The loss for the period was SEK 19 million (profit: SEK 590 million). The substantial increase in claims provisions had a negative impact on earnings.

| New transactions and profit/loss | January – April 2022 | January – April 2021 |
|---|-----------------------------|-----------------------------|
| New guarantee offers, SEK million | 21,158 | 26,785 |
| New guarantee offers, number | 516 | 671 |
| New transactions, volume of guarantees, SEK million | 28,013 | 38,085 |
| New transactions, number | 601 | 650 |
| Claims payments, SEK million | 322 | 190 |
| Profit/loss, SEK million | -19 | 590 |

| Outstanding exposure and accumulated profit/loss | 30 Apr 2022 | 31 Dec 2021 |
|---|--------------------|--------------------|
| Outstanding guarantee offers, SEK million | 123,735 | 140,954 |
| Outstanding guarantees, SEK million | 242,667 | 223,955 |
| Equity, SEK million | 26,213 | 26,232 |

Exports strong and substantial volume of guarantees

The volume of guarantees issued remained high through the first four months of the year. A few very substantial transactions accounted for a large share of the guarantees issued in the period. Two months into the period, Russia's invasion of Ukraine and the outbreak of war prompted EKN to immediately halt guarantees for export deliveries to Russia, Belarus and Ukraine.

Swedish exports made a strong start to the year. Sweden's exports of goods increased in 2021 and, prior to the outbreak of war, conditions also appeared favourable for 2022. However, since 75 per cent of Sweden's exports are to Europe and growth in Europe is decreasing due to the war, exports are expected to grow at a slower rate than at the start of the year. During the period, EKN issued guarantees for exports to a value of SEK 28 billion, down on last year's record and on a par with 2020.

MAJOR TRANSACTIONS IN OECD COUNTRIES

Two large transactions in OECD countries accounted for 60 per cent of the guarantees issued in the period. Sweden's uniquely strong position in telecoms led to major transactions in the US. EKN's guarantees are in demand with mobile operators that wish to diversify their financing sources.

EKN is continuing to contribute to the financing of offshore wind power in the North Sea. Last year, EKN issued guarantees for the first two projects. During the period, it was time for the third one.

The largest industries encompassed by issued guarantees in the period were telecoms and power, followed by the transport sector.

RECOVERY AND CONCERN FOR SMES

Sweden's SME exporters recovered quickly in the wake of the pandemic. EKN's February survey found that half of the companies had increased their exports in the beginning of the year and had high hopes for the future. In the second half of the period, in the conversations EKN's staff had with companies, the positive outlook had switched to concern. The combination of war, inflation, supply problems and transportation issues had created grounds for concern. SMEs' demand for export credit guarantees with short risk periods declined following the outbreak of war.

HALT FOR RUSSIA

On 24 February, EKN halted issuing guarantees for transactions pertaining to Russia, Belarus and Ukraine. The stop applies for new transactions, including previously issued guarantee offers. The stop had little impact on EKN's total guarantees issued since demand for export guarantees to these countries has been low in the past few years.

SUBSTANTIAL CLAIMS PROVISIONS AND LOW CLAIMS PAYMENTS SUBSTANTIAL CLAIMS PROVISIONS AND LOW CLAIMS PAYMENTS

At the end of the period, EKN's guarantees outstanding for exports to Russia, Ukraine and Belarus amounted to SEK 4.2 billion. Significant provisions were made during the period for these undertakings.

Claims payments remained low and pertained primarily to transactions in Ecuador, India and Armenia.

RECOVERIES

Recoveries amounted to SEK 378 million. The majority of these recoveries pertained to a bus transaction in Chile, where EKN successfully recovered essentially the entire claim. The recovery process for this transaction started a couple of years ago and is a record amount for a private sector debtor.

TRANSACTIONS WITH RISKS OF ENVIRONMENTAL AND SOCIAL IMPACT

During the period, EKN guaranteed 22 new A transactions, 341 B transactions and 136 C transactions. The offered guarantee volume for the transactions was SEK 6.3 billion for A transactions, SEK 4.6 billion for B transactions and SEK 12.3 billion for C transactions.

EKN refrained from guaranteeing financing of exports for a mining project due to the impact on sensitive areas of nature and a lack of plans for managing the impact on biodiversity pursuant to international standards.

Good capacity and strong finances

Substantial claims provisions negatively impacted earnings. However, earnings were positively impacted by large recoveries and a strong financial result due to higher interest rates.

EKN has a strong financial position, capacity and scope for future export transactions.

EKN's statutory limit for issuing guarantees amounted to SEK 475 billion. Calculation of the utilisation of the statutory limit encompasses the entire guarantee volume outstanding and half of the issued offers. At the end of April, utilisation of the statutory limit amounted to SEK 348 billion, compared with SEK 352 billion at year end.

The loss for the period amounted to SEK 19 million, compared with profit of SEK 590 million at the end of the corresponding period last year. Revenues from premiums¹ amounted to SEK 699 million (SEK 677 million). Claims incurred for the period² amounted to negative SEK 1,327 million (negative SEK 190 million). The item includes claims provisions, claims payments and

recoveries. The substantial increase in claims provisions due to Russia's war on Ukraine is the reason why claims incurred comprises a substantial loss item, with a consequent negative impact on earnings.

Interest income and other financial income increased substantially from SEK 377 million to SEK 1,128 million and positively impacted total earnings. This was due to higher interest rates.

After many years of positive results, EKN's financial position remains strong. Statutory limit utilisation has scope for around SEK 125 billion. EKN has good capacity for future export transactions.

¹ Revenues from premiums consist of premium income, changes in provisions for unearned premiums and unexpired risks, and the effects of reinsurance.

² Claims incurred is the estimated final cost to EKN after taking into account provisions, payments and recoveries.

Condensed Profit and Loss Statement and Balance Sheet

CONDENSED PROFIT AND LOSS STATEMENT

| Amount in SEK million | January – April 2022 | January – April 2021 |
|-----------------------------------|----------------------|----------------------|
| Revenues from premiums | 699 | 677 |
| Other revenues | 0 | 0 |
| Claims incurred | -1,327 | -190 |
| Operating expenses | -90 | -91 |
| Operating profit/loss | -718 | 396 |
| Financial items | 699 | 193 |
| PROFIT/LOSS FOR THE PERIOD | -19 | 590 |

CONDENSED BALANCE SHEET

| Amount in SEK million | 30 Apr 2022 | 31 Dec 2021 |
|--|---------------|---------------|
| Intangible and tangible fixed assets | 6 | 4 |
| Financial fixed assets | 29,203 | 29,893 |
| Reinsurer share of actuarially-calculated provisions | 1,170 | 335 |
| Other receivables and accrued items | 102 | 89 |
| Cash and bank balances | 8,459 | 7,959 |
| TOTAL ASSETS | 38,940 | 38,280 |

| | | |
|-------------------------------------|---------------|---------------|
| Equity | 26,213 | 26,232 |
| Liabilities to the State | 633 | 867 |
| Provisions | 11,270 | 10,595 |
| Other liabilities and accrued items | 824 | 584 |
| TOTAL EQUITY AND LIABILITIES | 38,940 | 38,280 |

EKN – Creating confidence in your exports

EKN is a government agency that supports Swedish exports and the internationalisation of Swedish industry. We offer exporting companies and banks guarantees for payment and financing, together with advice on business structure and risk management. Our services provide an additional level of confidence, increased competitiveness and more opportunities for successful export transactions.

The Swedish Export Credit Agency

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